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FM THE SITUATION ROOM TOHAK 169

TO RODMAN/LORD FOR DR. KISSINGER

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T O P S E C R E T SENSITIVE CONTAINS CODEWORD WH30518

TOHAK 169

TOP SECRET/SENSITIVE

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OSD and NSA
Reviews
Completed

FEBRUARY 14, 1973

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

MEMORANDUM FOR DR. KISSINGER

FROM: SITUATION ROOM

SUBJECT: EVENING NOTES

25X1

P. SECRET

25X1

TOP SECRET/SENSITIVE

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TOP SECRET

TOP SECRET

THE EVENING STAR AND WASHINGTON DAILY NEWS: IN SAN DIEGO THE FIRST TWO RELEASED POWS ARRIVED ON U.S. SOIL LAST NIGHT. BOTH MEN ARRIVED AHEAD OF SCHEDULE TO VISIT THEIR SERIOUSLY ILL MOTHERS. MEANWHILE, AN ADDITIONAL 20 RELEASED POWS LEFT CLARK AIR BASE TODAY FOR CALIFORNIA. TWO MORE PLANE LOADS OF ABOUT 20 MEN EACH LEAVE TOMORROW. PROCESSING OF THE MEN IS ABOUT 24 HOURS AHEAD OF SCHEDULE DUE TO THE GENERALLY GOOD HEALTH OF THE MEN. (A 1)

OSWALD JOHNSTON WRITES THAT THE ADMINISTRATION'S CAMPAIGN TO SHORE UP AMERICAN ECONOMIC POWER ABROAD CAME AS A TIMELY OPPORTUNITY AS THE DOLLAR CRISIS ERUPTED. UP TO THAT TIME ADMINISTRATIVE OFFICIALS WERE QUIETLY PLODDING ALONG WITH A LOW-KEY, LOW-LEVEL DIPLOMATIC CAMPAIGN TO WIN WEST EUROPEAN AND JAPANESE COOPERATION AFTER THE NATIONS RECORD 1972 TRADE DEFICIT OF \$6.4 BILLION. THEN AS THE CRISIS STRUCK, THE PRESIDENT SENT HIS CHIEF MONETARY ENVOY PAUL VOLCKER ON A WHIRLWIND TOUR OF WORLD TRADING CAPITALS WITH A MANDATE TO WORK OUT A MONETARY SETTLEMENT WITHIN A FEW DAYS. (A 1)

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TOP SECRET

THE DOLLAR OPENED STRONG ON THE FRANKFURT FOREIGN CURRENCY MARKET TODAY AS MAJOR EXCHANGES IN WESTERN EUROPE AND JAPAN REOPENED FOR THE FIRST TIME SINCE THE DEVALUATION OF THE DOLLAR. HOWEVER, TRADING WAS QUIET. IN TOKYO THE DOLLAR CLOSED AT 274.80 YEN, ENDING THE FIRST DAY OF THE NEW YEN FLOAT. IT HAD OPENED AT 273.10 YEN, DOWN FROM 301.10 FRIDAY, THE LAST DAY THE MARKET WAS OPEN. FIVE OTHER FINANCIALLY IMPORTANT COUNTRIES -- BRITAIN, CANADA, ITALY, SWITZERLAND AND JAPAN -- ARE NOW ALLOWING THEIR CURRENCIES TO FLOAT OUTSIDE FIXED EXCHANGE RATES. (A 5)

A STAR EDITORIAL SEES THE DOLLAR DEVALUATION AS INEVITABLE IN SOME FORM, GIVEN THE RECENT FACTS OF INTERNATIONAL ECONOMICS. THE FLIGHT FROM OUR CURRENCY IN THE WORLD'S MONEY MARKETS REFLECTED FIRM EVIDENCE THAT THE DOLLAR WAS OVER-VALUED WITH RESPECT TO SOME OTHER STRONG CURRENCIES, NOTABLY THE YEN AND THE MARK. THE EVIDENCE INCLUDED THE WORSENING DEFICITS IN OUR TRADE AND BALANCE OF PAYMENTS. (A 16)

ANOTHER STAR EDITORIAL SEES DANIEL MOYNIHAN'S DETOUR TO ITALY AS A MILD REFLECTION OF AMERICAN FURY AT RECENT REMARKS OF PRIME MINISTER GANDHI, IN WHICH SHE WAS HARSHLY CRITICAL OF U.S. POLICY IN ASIA. THE STAR THEN QUESTIONS THE TIMING OF HER REMARKS WITH THE CEASE-FIRE ALREADY IN EFFECT. A POSSIBLE EXPLANATION FOR HER PIQUE IS THE UNFORTUNATE OMISSION OF INDIA

TOP SECRET

**PARIS CONFERENCE ON PEACE GUARANTEES FOR INDOCHINA IN LIGHT
OF BEING A MAJOR ASIAN POWER AND A MEMBER OF THE OLD ICC.**

(A 16)

**HENRY BRADSHAW WRITES FROM PHNOM PENH THAT THE IDEA OF PRINCE
SIHANOUK BEING POPULAR IN CAMBODIA AMONG RESPONSIBLE CITIZENS
IS A POPULARITY OF WISHFUL THINKING. (A 24)**

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TOP SECRET

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